

Fair Housing Glossary

Blockbusting: the profiteering practice by real estate licensees of selling or renting homes that they obtain by inducing panic selling at prices below value, often by exploiting racial prejudices

Breach: an infraction or violation of a law or contract

Credit score: a numerical summary of a person's credit-worthiness based on information from credit bureaus

Conciliation Agreement: an agreement signed by both parties in a housing dispute with the person of reconciling the differences; any agreement signed by HUD must also protect the public's interest

Disability: a physical or mental handicap that prevents a person from living a full, normal life; anything that disables or puts one at a disadvantage

Discrimination: treatment or consideration of a person based on the group, class, or category to which that person belongs rather than on individual merit

Disparate impact: When a licensee applies a policy or practice uniformly to all applicants, but the consequences disproportionately affect a protected class

Disparate tTreatment: When "similarly situated" home seekers (buyers or renters) are treated differently.

Familialr status: families in which one or more children under 18 live with a parent, or a person who has legal custody of the child or children; this category also covers women who are pregnant or on maternity leave

FHAP: Fair Housing Assistance Program – the purpose of which is to provide funding to state and local agencies that enforce fair housing laws that are substantially equivalent to the Fair Housing Act

FHIP: Fair Housing Initiatives Program – the purpose of which is to provide funding to people who believe they have been victims of housing discrimination

Fannie Mae: Federal National Mortgage Association (FNMA); a federally-chartered enterprise owned by private stockholders that purchases residential mortgages and converts them into securities for sale to investors; by purchasing mortgages, Fannie Mae supplies funds that lenders may loan to potential homebuyers. Also known as a Government Sponsored Enterprise (GSE).

Freddie Mac: Federal Home Loan Mortgage Corporation (FHLM); a federally chartered corporation that purchases residential mortgages, securitizes them, and sells them to investors; this provides lenders with funds for new homebuyers. Also known as a Government Sponsored Enterprise (GSE).

Predatory lending: abusive lending practices that include a mortgage loan to someone who does not have the ability to repay or charging outrageous fees. It also pertains to repeated refinancing of a loan charging high interest, bad terms, and fees each time.

Redlining: a discriminatory practice by which banks or insurance companies refuse to loan or issue insurance within a specified geographic area, especially inner-city neighborhoods

Reverse redlining: purposely marketing to specific minority communities for the purpose of offering a product different than that offered to more mainstream communities

Subprime loans: an industry term to used to describe loans with less stringent lending and underwriting terms and conditions, often referred to a “B” paper or “C” paper. Due to the higher risk, sub-prime loans charge higher interest rates and fees.